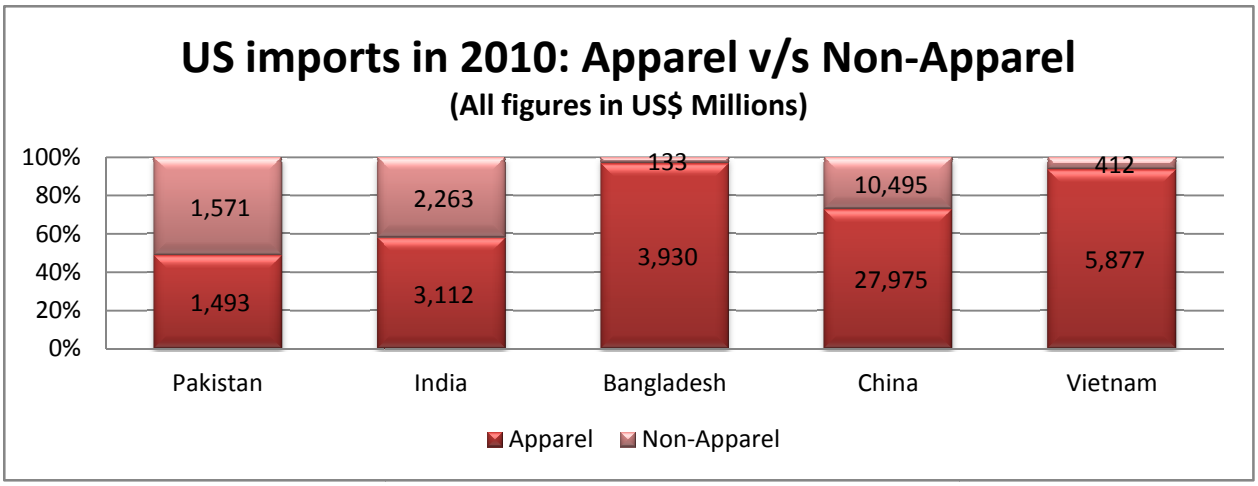
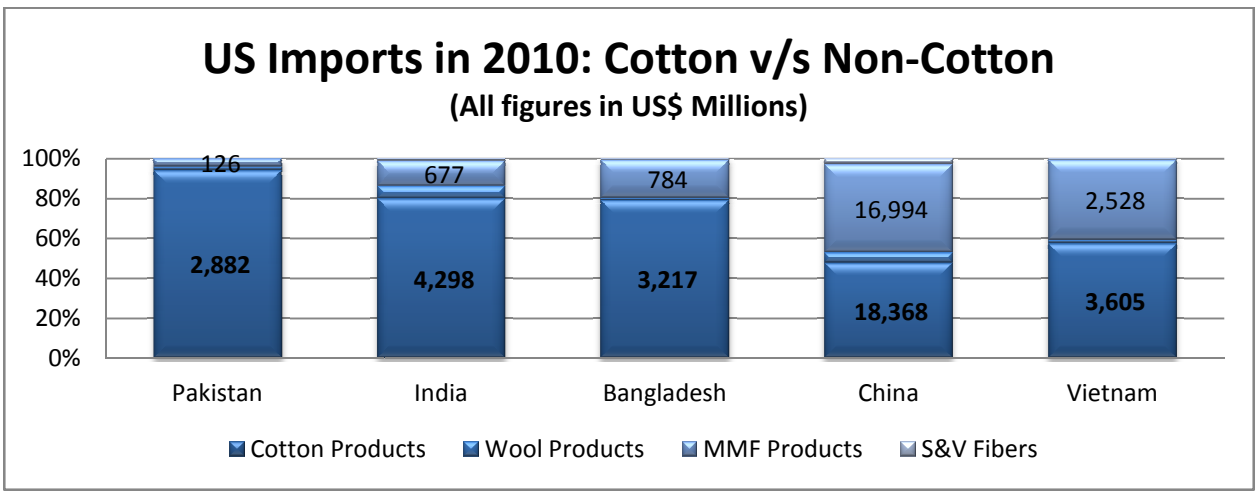
Pakistan's Textile Exports to USA: Diversified but over reliant on cotton

United States of America (USA) is one the largest market for textile products from Pakistan. Although this market is currently going through turbulent times due to the financial crisis but the retail figures indicate steady sales for 2011. Although US import figures for 2011 are not released as yet, Pakistan's textile and apparel exports to the US are expected to increase by 3% in terms of value but the quantities are expected to go down by 18% in 2011, signifying growth primarily due to price inflation in raw materials cost.

Figures reveal that Pakistan has a well diversified product portfolio as shown in the first graph. Pakistan's apparel exports to US are 49% of its total textile exports, in comparison of India 58%, Bangladesh 97%, China 73% and Vietnam 93%.

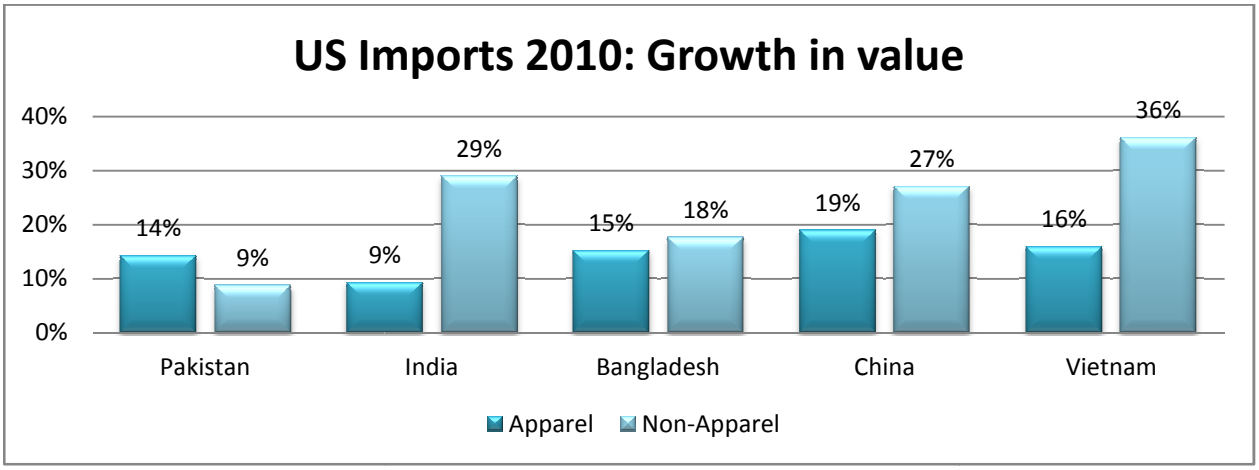


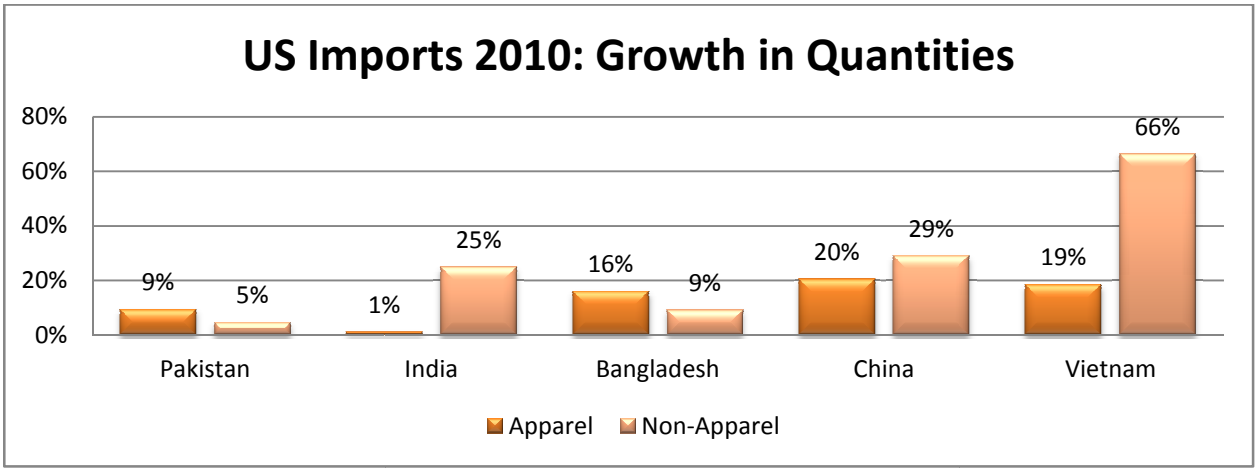
While the products are well diversified, Pakistan's exports to US seem to be overly reliant on cotton as the principle raw material. The second graph shows that 94% of Pakistan's total textile exports are cotton based, in contrast to India's 80%, Bangladesh's 79%, China's 48% and Vietnam's 57%. Products made from non-cotton based raw material such as wool comprise only 2% of Pakistan's exports to US, man-made fiber based 4% and silk & vegetable fiber based products comprise only 0.1%.



Growth:

During 2010, Pakistan's apparel exports to the US increased by 14% in value and 9% in terms of quantities. While non-apparel exports increased by 9% in value and 5% in quantity, in 2010 over previous year. In comparison, India's apparel exports to US increased by 9% in value and 1% in quantity. India's non-apparel exports made substantial gains, increasing by 29% in value and 25% in quantity. Bangladeshi apparel exports remained strong growing by 15% in value and 16% in terms of quantity. Bangladesh also managed to gain a sizeable share in non-apparels. While China and Vietnam posted solid growth in both categories.





Winners and losers in 2011:

For the year 2011, it is expected that Pakistan's apparel exports to the US will increase by 6% in value while non-apparel exports are expected to increase by 1%. In terms of quantity, apparel exports will decline by 15% while non-apparel export quantities are expected to decline by 19%.

Cotton based products are expected to increase by 2% in value, while quantity will go down by 21%. Pakistan's major export products to US, such as men's/boys knit shirts, cotton hosiery, men's/boys cotton trousers are expected to increase; substantial gains are

expected in the man-made fiber products. Although the quantum value of these products is very small, i.e., $ 126 million in 2010, approximately 38% increase is expected in 2011.

Products:

Following chart exhibits Pakistan's product-wise exports and their expected growth/decline in 2011:

Products	Value in $ Mln.		Annualized Growth
	2010	Oct-11	
M/B Knit Shirts	489.23	445.02	9%
Pile Towels	319.06	271.45	2%
M/B Cotton Trousers	210.45	166.21	-5%
Cotton Hosiery	156.544	101.91	-22%
W/G Slacks, etc	135.33	128.19	14%
W/G Knit Blouses	113.80	91.64	-3%
Cotton Sheeting	30.42	34.72	37%
Sateen Fabric	10.58	13.09	48%
Cotton Gloves/Mittens	7.68	11.57	81%
Suite-type Coats	0.39	1.10	239%
Other M/B Coats	86.12	92.06	28%
W/G Cotton Coats	23.23	22.07	14%
Cotton Underwear	72.348	65.01	8%
Cotton Sheets	314.61	249.55	-5%
Bedspreads/Quilts	214.845	143.15	-20%
Other Cotton Products	416.03	364.54	5%
MMF Twill/Sateen	2.292	2.32	21%
MMF Gloves/Mittens	18.649	25.15	62%
MMF Hosiery	6.17	11.53	124%
MMF, W/G Knit Blouses	1.73	4.04	180%
MMF, M/B Trousers	3.62	3.59	19%
MMF, Other Furnishings	40.835	54.44	60%

Conclusion:

As evident from the above analysis, Pakistan's textile and garment exports to the US are clearly not growing at the desired pace, at least in the major categories. Our regional competitors are steadily increasing their share in the US import market. Although, growth in man-made fiber products is commendable but as the quantum is very small, it will have no visible effect on our overall exports.

While, Vietnam and Bangladesh are gaining major share in apparel sector, India is steadily gaining in the home textile sector. In order to stem this decline, Pakistan's textile and

garment exporters need to further diversify their exports to more value-added products, preferably in non-cotton products.

Pakistan also needs to step-up its trade diplomacy in order to do away with unfair tariff regime. A Free Trade Agreement (FTA) with USA would be highly beneficial. Currently, USA raises the same tariff revenue from Pakistan's textile exports as from France's $37 billion exports.

Research Department
Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA)
Shaheen View Building, 18-A, Block-VI,
PECHS, Shahra-e-Faisal,
Karachi -75400 Pakistan
Tel #. +92-21-34547912, 34549073
Fax #. +92-21-34539669
Email: research@prgmea.org
URL: www.prgmea.org